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# SIR ALEXANDER TILLOCH GALT, THE CANADIAN GOVERNMENT AND ALBERTA'S COAL

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The settlement of the Canadian prairies was achieved not only by the onerous toil of simple pioneer farmers but also by the persistent efforts of sophisticated entrepreneurs who founded large corporations which exploited western Canada's natural resources and also contributed to its economic expansion. Sir Alexander Tilloch Galt, a forceful and shrewd financier, was such a man. Recognizing the immense value of Alberta's coal deposits, he created a mining and railway complex providing cheap fuel for settlers and transcontinental trains. Captivated by a vision of settled plains and personal riches, Galt confidently worked ten years to establish an intricate structure of mining and railway companies which laid the economic foundations for the city and territory south of Lethbridge. He used his position as Canada's High Commissioner in London as a channel to British, Canadian and American capital and negotiated directly with Canada's prime minister, Sir John A. Macdonald, and other Conservative politicians to secure favourable legislation for his project. His persevering enthusiasm overcame the many obstacles in the way and ultimately inspired foreign investors to risk their capital. Yet, the generous concessions granted by the Canadian government were not enough and Sir Alexander never witnessed the total success of the venture.

## I

In 1879 Sir Alexander Galt was shown a number of promising coal samples collected by his son Elliot in southern Alberta. The elder Galt immediately realized that the envisioned multitude of settlers, railways and industries, soon to descend upon the prairies, would be voracious consumers of coal. While a colliery on the fuel-scarce prairies promised to be a lucrative endeavour, Galt could not raise the necessary funds for a mining operation because the most logical site for a coal mine was not southern Alberta, but rather the area west of Edmonton along the proposed route of the Canadian Pacific Railway, the only economical means of transportation as well as the major potential consumer. Canada's Geological Survey had accordingly concentrated its search for coal in this area and made several significant discoveries. In the face of competition from Edmonton coal, Galt's unproven coal

mine, somewhere on the uninhabited plains, hundreds of miles from the nearest railway, appeared to be an unattractive and uncertain venture. Galt's scheme, clearly premature, would have to wait until settlement spilled over from the valley of the North Saskatchewan.

Two years later, in the spring of 1881, the situation changed dramatically as the small group of omnipotent railway builders determined that the CPR would not follow the North Saskatchewan but cross the southern plains. This shift revived Galt's plan. A colliery in southern Alberta, close to the railway was now a viable proposition. Galt immediately hired Captain Nicholas Bryant, a mining engineer, to examine a few sites reserved earlier.<sup>1</sup> Bryant travelled to the North west, probably in the fall of 1881, and reported favourably on the locations. His report was substantiated by George M. Dawson, of the Geological Survey, who explored the region during the summer of 1881. Dawson concluded that several gigantic coal seams lay buried beneath the soil of southern Alberta. They extended westward three hundred miles from Medicine Hat to the Rocky Mountains and two hundred miles northward from the international border to the Red Deer River.<sup>2</sup>

Armed with the glowing reports of Bryant and Dawson, Galt persuaded several prominent British investors to support his plan. His recent appointment as the High Commissioner of Canada in London and his previous experiences in the financial circles of London had enabled him to establish contacts with influential financiers. He dined often with William Lethbridge, a wealthy co-owner of the publishing firm of W.H. Smith, and told him of the limitless opportunities awaiting in the North west. Galt told him that the construction of the CPR was inflating prices tremendously, and that the North west was boiling with speculation fever. The past winter in Winnipeg had been a champagne-filled carnival of buying and selling; men had won and lost fortunes within days. His own son, Elliot, had just realized \$12,000 for the sale of twelve lots.<sup>3</sup> Galt's intrepid optimism finally inspired Lethbridge to lease four mining claims inspected by Bryant. Sir Alexander also persuaded Lethbridge's partner, W.H. Smith, and a friend, William Ashmead Burdett-Coutts, to pledge £2,000 each for preliminary expenses. On April 25, 1882, the North Western Coal and Navigation Company, Limited (N.W.C. & N.Co.) was incorporated in London with a share capital of £50,900. The first board included Lethbridge, as president, Smith, Galt, Burdett-Coutts, W.M. Ramsay, W. Ford, Peter Redpath and Edward Crabb.<sup>4</sup>

Galt's venture was perfectly in tune with the Canadian dream of creating a national economy of which the settlement of western Canada

and the building of a transcontinental railway were integral parts. The discovery of coal in southern Alberta was therefore timely and it had, as Macdonald remarked, "a very important bearing upon the development of that country".<sup>5</sup> The gigantic coal seams in the Northwest would not only supply inexpensive fuel but also create winter employment. In sum coal meant prosperity and prosperity attracted settlers.

The importance of the rapid development of the Alberta coal industry was made perfectly clear by the government in the House of Commons. In March, 1882, when Edward Blake rose to protest that Lethbridge's four mining claims were monopolistic, Sir John A. Macdonald assured the Liberal opposition member that the West would always have an abundant supply of cheap fuel. The Prime Minister stated that Lethbridge, the only serious applicant to date, was no mere speculator nor monopolist but a sincere developer of the coal resources. In fact, said Macdonald, "I would be glad if we could get others like Lethbridge here."<sup>6</sup> In his opinion, the coal resources of the West were so vast that monopolistic control was impossible. He told the House that Dr. Selwyn, the Director of the Geological Survey, thought it "absurd to ask for a royalty at all, that it [coal] is so plentiful it will have no special value, and that the land containing it should be sold as common agricultural land under the regulations for the sale of other farm lands so that any person who gets it may work the coal on his own estate without paying any royalty."<sup>7</sup> Sir John smoothly echoed the boundless optimism of the day and exclaimed, ". . . the supply is without limit, and, therefore, is of no special value."<sup>8</sup> Undue competition and short-term leases would seriously hamper explorations in the remote and expansive territories where mining and marketing operations would be very expensive. Stringent government regulations would choke future mining enterprises. Thus Macdonald's speech clearly indicated that the government was firmly committed to a policy of progress, rapid expansion and development.

The legalistic Edward Blake did not appreciate Macdonald's cavalier attitude and deplored the lack of proper regulations to control the precious resources. Blake argued that these valuable properties should be advertized and dispensed by auction or tender on short-term leases. Since the western fuel supply was so crucial, it had to be carefully controlled. To clinch his argument, Blake sarcastically exposed an obvious inconsistency in Macdonald's position:

With one breath he tells us that the country is one mass of coal lands, that you could not walk over it without finding coal land, every man had a coal mine on his farm (Macdonald interrupts: 'In the ore country') The honourable gentleman then went on to say that even if a coal mine should be

found, experienced coal miners would have to be sent out in a proper way at great expense, that it would take a whole summer's work, to examine and ferret over the land, and if you did hit upon a coal mine, you were so deserving of commendation for your discovery, your expense, and the trouble you have gone to, that I almost expected him one moment to say that we ought to give him a handsome premium for finding the coal mine, and give him the coal mine into the bargain.<sup>9</sup>

While the debate did not result in modified regulations, the cabinet did sell one separate parcel of land to each of the four directors of the N.W.C. & N.Co.<sup>10</sup>

With the legalities out of the way, the N.W.C & N.Co. could proceed to develop its properties. Captain Bryant, his wife and daughter, William Stafford of the Acadia Coal Company in Nova Scotia, and three other men travelled forty-five days by train and Missouri steamer to Fort Benton. Here they purchased provisions and trekked northward by wagons to Blackfoot Crossing on the Bow River. Throughout the summer and fall, Bryant and his helpers tested the mining claims. They hoped to commence mining operations at a point on the CPR but to their disappointment found only extremely dirty and friable coal.<sup>11</sup> The only suitable coal was found at Coal Banks (future Lethbridge) on the Belly River. Since this site was at least 100 miles from the CPR, transportation costs would be high.

Meanwhile, Sir Alexander was planning to return to Canada. The winter had been a long, weary round of illnesses and onerous private and government negotiations. He failed to persuade the British government to subsidize immigration to Canada, and his personal financial position was precarious. His \$14,000 salary could not support his large family, the ostentatious house and pretentious entertainments so essential to diplomatic activities. Moreover, the depression in Canada and an unfortunate investment in a failing American gold mine had eroded his original fortune. The whole situation depressed him so much that he resigned his position, a request refused by Macdonald.<sup>12</sup> Galt did insist on the trip to the North west, however, because he wanted to talk to CPR officials. The railway had refused to specify the cost of transporting the mining equipment to the end-of-steel. Galt did not dare to commit large expenditures only to find himself at the mercy of the railway.<sup>13</sup> In addition, Galt wanted to make the trip to choose the site for the colliery and a tract of land for a colonization company.<sup>14</sup>

A recurring bout of sickness nearly prevented the trip but in the early summer of 1882 Galt departed on the long, arduous trek across the ocean and continent. Accompanied by C.J. Brydges, the Land Commissioner of Hudson's Bay Company and a major shareholder in the N.W.C. & N.Co., Galt travelled across the prairies by buckboard to

Blackfoot Crossing and Coal Banks.<sup>15</sup> In consultation with Bryant and Stafford, he decided that although Coal Banks was far removed from railway facilities, its high quality coal warranted exploitation. Soon after Galt had returned to the east, a small crew of Nova Scotia miners dug two short drifts from the Belly River flats into the bank. In the first season they extracted 22,000 tons of coal, most of which was sold in Fort Macleod.<sup>16</sup> If the colliery was to be economically viable, however, it would have to expand its markets and to reach this market it would have to establish an efficient link with the transcontinental. Transportation was Galt's next problem.

## II

To overcome the isolation of the colliery, Sir Alexander experimented with a fleet of steamboats and barges. In the summer of 1883 the N.W.C. & N.Co. launched the sternwheeler *Baroness* and a number of barges. The intention was to float the loaded barges down the river to the CPR mainline at Medicine Hat and to tow them back with the steamer to Coal Banks. Low water levels ruined the plan and the barges only delivered 200 tons that summer.<sup>17</sup>

River shipping was not the only solution to the problem. Galt, the man who built the St. Lawrence and Atlantic and a large section of the Grand Trunk railways, naturally turned to a railway to solve his transportation problem. In a memo to Sir John A. Macdonald written in June, 1883, even before the *Baroness* was launched, Galt had outlined a plan for a branchline from Coal Banks to Medicine Hat.<sup>18</sup> In a subsequent letter he urged Macdonald to write a note supporting the scheme in principle<sup>19</sup> and in a personal interview early in August Galt asked the Prime Minister to assist in the passage of the railway charter.<sup>20</sup> Two weeks after this visit Sir Alexander reiterated his request:

You must really give us a helping hand, especially as you know I will ask nothing unreasonable or likely to produce political difficulties.

I want to put the Railway so far on its legs before the Session as to enable the rails, etc., to be bought and shipped early in the spring. I think this can be done without in any way compromising the Government.<sup>21</sup>

The wheels of government turned very slowly, however, and the hopes of the investors evaporated. Galt spent a few frustrating months attempting to bring the railway bill before Parliament but the prospects for immediate legislation dissolved as the session wore on. He abandoned the plan to begin construction in the summer of 1884. He wrote to Macdonald,

I have had infinite worry about my Railway and now had finally to postpone it for a few months. We must get the Act first and it is also desirable to show by actual results what the Coal can be got out for and what it will be sold at. We have therefore ordered Elliot to build another steamboat and more barges so as to get down say 25,000 tons next spring.<sup>22</sup>

He hopefully added that if the rumour of more government guarantees for the CPR were true, could Macdonald not "make them build my little road on the ground of fuel supply?"

Despite his special pleas to the Prime Minister, Galt could not quicken the legislative process. To be sure, the relationship between the two men was decidedly cool. Macdonald never forgot Galt's constant bickering during the Confederation debates and never forgave his failure to support the government during the Pacific Scandal. He was annoyed at Galt's attempt to claim the 1882 journey to the West as an official government trip. In addition, the Prime Minister was embarrassed by the official speeches Galt had made in Scotland which not only advocated imperial federation complete with protective tariffs but improperly interfered in the domestic affairs of the host country by supporting home rule for the Irish. In the end, Macdonald had grown weary of Galt's litany of frustrations, disappointments and discomforts and thus had accepted the High Commissioner's second resignation in June, 1883. At this point Galt began the representations for his railway.

Undaunted by the delays, Galt continued to work on the colliery-railway project. His efforts bore fruit when in December, 1883, the board of directors of the N.W.C. & N.Co. increased the company's capitalization by £50,000 to £100,000.<sup>23</sup> On April 19, 1884, the Canadian Parliament empowered the N.W.C. & N.Co. to construct and operate a railway from Medicine Hat to Coal Banks and also incorporated the Alberta Railway and Coal Company (A.R. & C.Co.) with a capital of \$1,500,000 to build the N.W.C. & N.Co.'s railway. If two-thirds of the shareholders of the N.W.C. & N.Co. approved, the new company could assume completely all the assets and liabilities of the older firm. The presence of Galt, Lethbridge and Redpath among the board of directors of the A.R. & C.Co. was indicative of the close bond between the two companies. New directors included William Ford, Walter John Cutbill, A. Stavely Hill and Robert Gillespie, all of London, and James Gibbs Ross of Quebec. The venture was beginning to appeal to a wider and more prestigious circle of investors.<sup>24</sup>

The legislation was a hollow victory, however, because Galt could make little headway with his partners. During the summer of 1884 the *Baroness* and the two new ships, the *Alberta* and *Minnow*, unloaded

a paltry 3,000 tons of coal at Medicine Hat before the water fell below navigation level. Galt was terribly discouraged by this failure. How could he possibly interest British investors in a dubious railway venture while money was scarce and many American roads were floundering? How could he ask his English partners to invest still more money in a colliery which so far had shown only losses? His plans were simply too grandiose at this time and he would have to lower his sights and ask for more government support.

Once again Galt sought government assistance through the Prime Minister. A letter to Macdonald contained the modified plans. "If we can't get a first class road, we must be content with a cheap one — anything to get the coal to market . . . I shall have to get your consent to substitute a cheap narrow gauge line for the other . . . We must get the coal out."<sup>25</sup> Although narrow gauge tracks would lower construction costs, the N.W.C. & N.Co. did not have enough capital for the land purchase permitted under its railway charter — 3,840 acres per mile at \$1.00 per acre plus survey dues amounting to a staggering sum of over \$400,000. In separate negotiations Galt asked the government to grant the company only half the lands at survey costs. He argued that the railway would increase the value of the surrendered lands so that the government would recover the cost of the granted lands.<sup>26</sup> This time Galt's pleas was successful and Macdonald promised he would urge the cabinet to approve the revised land scheme.

Armed with Macdonald's assurance, the aging Galt sailed to London in August once again in search of capital. Success hinged on his ability to change the mood of Lethbridge from total disenchantment to a willingness to spend more money. To accomplish this Sir Alexander recruited a former partner, Colonel C.S. Gzowski,<sup>27</sup> to act as a consulting engineer and fellow negotiator. Together they convinced Burdett-Coutts and Smith to support the cause before Lethbridge. In a lengthy series of stormy meetings held in London a new arrangement was labouriously worked out and Lethbridge and the other directors pledged the necessary funds for the railway. Simultaneously the Canadian government permitted a reduction in track gauge and granted the N.W.C. & N.Co. 1920 acres of land per mile of railway at the survey cost of ten cents per acre.<sup>28</sup> The future of Coal Banks was assured.

With the major difficulties removed, only the particulars needed settlement. Throughout September and early October Galt skillfully worked out the intricate details and on October 17, 1884, reached a final agreement with the proprietors of the A.R. & C.Co. Galt was awarded a contract to build the narrow gauge railway for \$550,000. The directors bought or pledged \$275,000 in bonds and placed the



remainder on sale to the public. The CPR agreed to transport all the railway equipment to Medicine Hat for \$50,000 worth of coal.<sup>29</sup> By the end of October all the contracts were assigned and Galt sailed home to Montreal.

It was a happy voyage. Galt was elated with the successful conclusion to six years of laborious planning, tiring disappointments and difficult negotiations. While complex financial discussions had always been his special job, advanced age and frequent illnesses wearied him. Moreover, the spectre of personal bankruptcy, always hovering in the background, threatened to destroy his credibility; financial ruin was his greatest fear. The railway contract promised to lift him out of these financial difficulties and earn for him \$50,000. A letter to his wife poignantly expressed the great sense of relief and his deep religious faith so intimately entwined in his progressive entrepreneurial mentality.

I cannot refrain from writing you again by the Oregon to tell you of my great thankfulness to God that it has pleased Him to bless my efforts here and to relieve my mind from the great weight of anxiety with which I have looked forward to the future not only on account of the dishonor which attaches to all who are unable to meet their obligations but also for the trouble and possible privation, which I dreaded was impending over you and all I love. My trust has been in God's mercy and it has been signally shewn to me in turning circumstances that seemed most untoward into the means whereby I have now bright hopes for extrication from my difficulties. The failing of our navigation last summer, was a severe trial, but without it, I never could have succeeded in inducing my friends here to undertake the railway — and again the very difficulty in raising the money which seemed to threaten failure has obliged them to make arrangements with me which I now regard as guaranteeing an early escape from pressing pecuniary anxiety.<sup>30</sup>

Although the season was far advanced, twelve miles of roadbed were graded before the onslaught of wintry weather in mid-November.<sup>31</sup> Construction resumed in late winter but in March the Riel rebellion nearly killed the scheme. The uncertain future of the North West discouraged the fickle financiers and dried up the railway's source of capital. Galt wrote an urgent letter to Macdonald:

The effect on my English friends has been disastrous as preventing our raising money which we had every hope of doing with the land grant. Now they write me they must stop the effort to get more capital subscribed until they see this miserable business closed.<sup>32</sup>

Galt's frantic efforts to reassure the investors were frustrated further by CPR announcements of new coal discoveries which supposedly dwarfed the Coal Bank's find. Although most of these claims were

quickly disproved, the reports still worried stockholders, especially when such rumours were coupled to hostile gossip which claimed that narrow gauge railways were not economically feasible in the Northwest.<sup>33</sup>

In spite of stockholder reticence, construction was resumed in May under military protection and on August 25, 1885, the first train puffed into Coal Banks, now officially named Lethbridge. A month later, September 24, Governor-General Lansdowne officially opened the railway and with the usual optimistic eloquence claimed that the railway and the "inexhaustible supply of the best class of fuel" would solve the serious fuel problem of the Northwest. He prophesied that "from these cliffs we shall be able to draw without stint the materials which will supply us the source of heat and light for generations to come" and he painted a vision of a large metropolis employing thousands of workers in its coal mines, smelters and foundries.<sup>34</sup>

### III

The completion of the railway swiftly transformed Lethbridge into a prosperous clutter of unpainted houses, stores, saloons and churches. Within months the population exploded to over a thousand people eagerly anticipating the high wages and large profits associated with mining. The boom was short-lived, however, and the flow of coal, the life-blood of Lethbridge, was drastically slowed by the mild winter and the closing of the CPR mountain section. The colliery closed, many miners left town and the hammer sounds of progress fell silent. Not until the cold weather returned and the CPR increased its prairie service, did production resume, only to dwindle away by March and continue sporadically throughout the summer and fall.<sup>35</sup> The first year of operations had harshly revealed the irregularity of the coal industry and the uncertainty of the Lethbridge economy.

Despite the disappointing first season, the company nevertheless came under heavy attack in Canada's Parliament. On May 4, 1886, Mr. John Charlton, the Liberal member for North Norfolk, denounced government members for having accepted lucrative timber limits, ranch leases, and railway subsidies. In his lengthy tirade Charlton also accused certain politicians of having obtained for friends valuable coal leases without competitive bidding. This policy was not in the best interest of the settlers because the government was creating a coal monopoly and, consequently, high prices.<sup>36</sup> As an aside, Charlton further reproached the government for paying Galt \$1,500 to make a trip to the Northwest to inspect his coal leases and land sites.

The ensuing debate illustrated the positions of the government and opposition. On the one hand, the Minister of the Interior, Thomas White, coolly dismissed the charges of corruption. In answer to the coal monopoly charge, for example, he claimed that government policy had resulted in the drastic reduction of the price of coal in Winnipeg from \$17.00 to \$7.00 per ton. His speech simply reiterated the government's stand that the development of the Northwest had to be subsidized<sup>37</sup> The opposition, on the other hand, feared that the government was subsidizing monopolies. At the height of the debate James Lister of West Lambton shouted that the government "has given away recklessly coal lands, the fuel that ought to be preserved for ourselves and for future generations. Not only that, but it has placed its hands in the public Treasury to pay out money to one of the greatest monopolies in the North West, Sir A.T. Galt's coal monopoly."<sup>38</sup> And so the quarrel continued until 5:45 in the morning when a division defeated Charlton's motion for an investigation into the charges of misbehavior."<sup>39</sup>

The charge of monopolistic domination was unwarranted because Galt had to compete with the far superior Pennsylvania anthracite and a few small collieries scattered throughout southern Alberta. At the same time, the second season was no more successful than the first. Three months of raging blizzards crippled the railways and halted production<sup>40</sup> No sooner had the snow been cleared when the company had to settle a miner's strike for higher wages. The CPR was desperate for fuel and the N.W.C. & N.Co., its cash reserves depleted, had to yield to the striker's demands.<sup>41</sup> Encouraged by their easy victory, the workers repeated their action in June but the coal shortage had eased and Elliot Galt temporarily closed the mine until he secured a crew of strike breakers from eastern Canada and Ohio.<sup>42</sup> Galt's action was basically a show of strength because several weeks later coal production virtually ceased. C.A. Magrath, the company's land agent, outlined the problem:

The construction of the Canadian Pacific Railway had not brought to the west the anticipated prosperity. Our coal miners were busily employed for a couple of months in the winter only; in the summer it was a matter of a couple of days work weekly.<sup>43</sup>

Dr. Selwyn, the Director of the Geological Survey, agreed, "The population of the country is so scattered . . . at present and the means of transportation so costly and difficult, that were it not for the CPR which uses immense quantities, the company could not afford to work the mines."<sup>44</sup> Under these conditions, the company was not selling enough coal to pay for its large investments and the annual report of 1887 revealed an operating loss of £4,173.<sup>45</sup>

The only solution to the company's problem was expansion to the larger and more dependable American market. The CPR charter still prohibited the construction of all railways to the United States but repeal of this restriction was imminent. The inability of the CPR to ship bumper crops of prairie grain and the persistent pressure applied by the Manitoba government forced the company to accept compensation for the surrender of the monopoly. This action cleared the way for the N.W.C. & N.Co.'s expansion and in March, 1888, Donald Davis, member for Alberta, introduced a bill to permit the Alberta Railway and Coal Company to build a railway to the international boundary by way of Lethbridge. The measure was withdrawn two months later because the Senate had tacked a number of amendments to the CPR bill which could not pass the Commons before prorogation of the session.<sup>46</sup>

The postponement of the railway legislation seriously affected the mood of the investors. To forestall defections, Galt once again approached the Canadian government. He wanted cabinet approval of the charter and land grants without which he could not expect the financiers to be patient for still another year. The ministers agreed Galt needed guarantees and approved land grants of 6,400 acres per mile for the southern road, an increase to 6,400 acres per mile for the widening of the Lethbridge to Dunmore line, and the right-of-way and sites for railway facilities.<sup>47</sup>

The fourth attempt to obtain a railway charter to Montana met with heavy opposition. On February 20, 1889, James Trow, from South Perch, moved an amendment to the bill which would give other railways running rights over N.W.C. & N.Co. tracks. This policy would break the Galt coal and railway monopoly and lower the price of coal.<sup>48</sup> Walter Shanly, the bill's sponsor and a director of the A.R. & C.Co., defended the coal company and remarked that he had never heard of any complaints of extravagant prices. In any case, the N.W.C. & N.Co. could not control freight rates because it used the CPR to ship its coal.<sup>49</sup> Shanly received support from Peter White, a future speaker of the House, who had visited Lethbridge:

Any gentleman who has visited that locality and has given attention to the large amount of money that that company has expended in the construction of that road, which runs through a country that is almost totally uninhabited, and which has no trade except that is derived from the carriage of coal, anyone who looks at the large amount of capital that has been expended in developing the coal mines at Lethbridge, and who has a knowledge of all the circumstances in connection with the opening of those coal mines and the difficulties the gentlemen engaged in that enterprise have had to encounter, would not deny them the privilege of obtaining a larger market such as they are likely to get under the operation of this Bill now before the committee.<sup>51</sup>

Several other speakers agreed with Mr. White that railways in under-developed regions should be assisted as much as possible. Restrictions would only cut off capital and development.<sup>51</sup>

Two days later Robert Watson, of Marquette, resumed the controversy by quoting statistics which demonstrated that the N.W.C. & N.Co. overcharged consumers \$2.00 for every ton of coal sold in Winnipeg. Since the company sold 20,000 tons of coal there per year, Watson thought the undue profits to be tremendous.<sup>52</sup> "There is," he claimed "no doubt of the immense importance that we should have cheap coal in Manitoba and the North West, and that cheap coal we cannot have so long and there is a coal monopoly; and there is a practical coal monopoly existing today because the Galt Coal Company have the only railway that can carry coal from the mines . . . to the line of the Canadian Pacific Railway."<sup>53</sup> In conclusion Watson suggested that the resources and interests of the people be protected by setting maximum freight rates for coal on the Galt railway.

The government benches were not unanimously opposed to Watson's stand. While Walter Shanly, Galt's associate, stated simply that the CPR also controlled the freight rates,<sup>54</sup> Nicholas Flood Davin, Conservative member for Assiniboia-West, argued that the N.W.C. & N.Co. had a coal monopoly and set its prices accordingly.

I am sorry to say I cannot agree with my hon. friend [Shanly] that the Galt mine has solved the fuel question in the North West. The fuel question cannot be said to be resolved when in the capital of the North-West the lowest price for soft coal is \$8.50 per ton.<sup>55</sup>

Davin pointed out that the same coal cost fifty cents less in Winnipeg because that city, unlike Regina, enjoyed competition. He angrily charged that, ". . . they [Galt] will put on the very last cent that they can put on . . . and when you pay \$9.00 for soft coal and \$13.00 for hard coal, you are burning gold and you cannot have solved the fuel question."<sup>56</sup> In an emotional conclusion to his speech he pleaded that the territorial government, attuned to western problems, be allowed to administer railway charters. The federal government, with its eastern bias, had blundered by not taxing the large development companies. Davin, continued:

Our system has been to skim the cream and let it go into the pockets of the Canadian capitalist, or the British capitalist, or the Scottish capitalist as the case may be. Our system has been not to strengthen the young territory, to coax it into vigor and leave it what native energy and physical resources might properly belong to it; on the contrary, we have taken away the strength that should be there, the milk that should have been there to nourish it, and then we have left it to fight the battle of life and struggle into

existence as best it could. What is the result? The result is that we find rich men, rich companies, have hold of the North-West here and there, they have in fact, pecked the eyes, to some extent, out of the North-West. We find the country full of interests of persons hundreds of thousands of miles away from the country; and when you come to a town like Regina, or any other town along the line of railway, you find a lot of struggling men, whereas, if you had pursued the system you ought to have pursued, of allowing the wealth of the country to remain in the country, while it was young, you would have in all those places at the present moment rich young men to help them forward, and you would have the profits of their early enterprise helping to build their country up.<sup>57</sup>

He concluded that the government's shortsighted railway policy aided the exploitation of the prairie's resources not for the benefit of western settlers but for eastern Canadian and foreign investors.

Although Parliament approved the charter,<sup>58</sup> the opposition grabbed one more opportunity to attack the government's policy of granting subsidies to private companies without strict regulations. During the debate, in May, 1889, on land grants to railways, Sir Richard Cartwright, the well-known Liberal financial critic, found it curious that the A.R. & C.Co., which enjoyed a coal monopoly, should be given a further 2,600 acres for widening an existing railway while it had previously received valuable coal properties.<sup>59</sup> Robert Watson added that he favoured subsidies for development but he did "decidedly object to the Government granting large subsidies to any company for their own benefit almost entirely, as in the case of this Galt company."<sup>60</sup> Since the grant would benefit only the Galts, Watson felt that precedents had been reversed and now the country was building a railway for the company. The government had to move quickly to protect the public from this coal monopoly. Fixed coal prices would prevent a company, which received assistance from the public treasury, from charging all that the traffic would bear.

Walter Shanly, whose friendship with Galt dated back to his days as engineer with the Grand Trunk, rose in defense of the company. He claimed that agents and not the N.W.C. & N.Co. set prices and that the company could not afford to widen the Dunmore line without a land subsidy. In praise of his company he concluded that no other corporation had spent as much as the N.W.C. & N.Co. and "the lands already sold have not diminished that capital burden to the extent of five cents in the dollar."<sup>61</sup> Nicholas Flood Davin agreed that "the Galt Company has been a great blessing to . . . the North-West generally," but he hoped that the Galt monopoly would be broken in the near future and lower the high fuel prices in Calgary, Moose Jaw and Regina.<sup>62</sup>

The complaints about a coal monopoly in the North-West Territories obviously had some merit because Galt had no real competition except from Pennsylvanian anthracite. The collieries at Medicine Hat mined a poor quality coal which could not withstand transportation outside the local area. Excessive flooding had closed the Cochrane mine, while wasteful mining techniques had ruined the Bow River colliery at Midford. The Canadian Anthracite Coal Company depleted its capital in the summer of 1888, abruptly closed its mines and summarily dismissed the two hundred miners. The scramble for additional funds was unsuccessful and no anthracite was extracted in 1889. While considerable prospecting work was being carried out at Canmore in 1889 no coal was sold.<sup>63</sup> Under these circumstances, Galt controlled the north western fuel market.

#### IV

Had Galt really controlled a lucrative monopolistic coal market, he should have had no problem building his railway to Montana. To be sure, the board members of the A.R. & C.Co. were well-known, influential men. One prestigious member was Sir Roderick Cameron of New York, an expatriate Canadian and wealthy owner of a large shipping firm with several packets sailing between New York, London and Australia. A prominent Canadian board member was William Miller Ramsay, one-time auditor of the Grand Trunk and now a director of the Intercolonial Railway, Molson's Bank and a manager of Standard Life Assurance Company. Two other Canadians included the members of Parliament Walter Shanly and Donald W. Davis.<sup>64</sup> Since the Canadian government could not grant a railway charter in American territory, Galt had incorporated the Montana and Canadian Railway Company, some of whose directors also sat on the board of the A.R. & C.Co. He managed to attract an extremely powerful group of Montana financiers which included William Conrad, of the prosperous I.G. Baker firm, and Thomas C. Power, another wealthy merchant. These two men gained control over Fort Benton's economic hinterland by channelling the vast profits earned in the fur trade, wagon and boat cartage and fat government contracts into mining, milling, retail merchandizing and banking. Their activities were backed by T.S. Hauser, a future governor of Montana, who could tap credit sources in St. Louis, New York, Montreal and Europe. Hauser was elected the president of the Montana and Canadian Railway Company.<sup>65</sup>

Despite the support of these important board members, Galt made little progress financing the railway projects. In June, 1889, the elderly entrepreneur travelled to London to face an increasingly

hostile group of shareholders and ask them to invest still more money. This year the confrontation was especially bitter because the Alberta venture had shown no significant returns after nearly ten years of operations. The reluctance of the directors to support Galt depressed him and at one particularly fruitless meeting he lost his temper. Later he wrote, " . . . I got so much enraged at the persistent difficulties raised by Mr. Ford, that I told him I would take no more trouble about it but left the whole responsibility of failure on their shoulders. . . . I took my hat and walked out of the room"<sup>66</sup> The temperamental outburst, not at all unusual for Galt, not only lifted his spirits but shocked the startled directors into action. The next day they invited Galt and Lethbridge to a special meeting where they requested Galt to outline his case once more. Skillfully employing all the talents gained from a lifetime of explaining intricate financial structures, Galt once again demonstrated that the colliery could only survive if a railway provided access to the smelter and railway market of Montana. As he had done so often before with meticulously planned presentations, Galt persuaded the financiers to approve the plan despite threatened resignations from a few directors.<sup>67</sup>

Although Galt now had the support of his London partners, the venture was still uncertain because of the scarcity of investment capital. Throughout the summer he worked hard to gather funds for the railway but with the depression hanging like a pall over the North American railway world, no one seemed willing to back yet another potential failure. Late in September, 1889, Galt travelled to New York and received some support from the Northern Pacific Railroad.<sup>68</sup> The bulk of the capital would have to come from Britain, however, and so Galt crossed the Atlantic to London for the second time that year.

Before he left, Galt made several announcements. The contract for the American section of the new road was awarded to T.S. Hauser's Fort Benton Construction Company. Galt also said that the line would be shortened with its terminal not at Helena but Great Falls. Of greatest significance was his decision to build another narrow rather than standard gauge railway and to delay the widening of the Dunmore line. The London capitalists, who had suffered a number of serious losses in North American railways, were reluctant to underwrite another expensive standard gauge road. In Galt's pragmatic opinion, a narrow gauge road was better than no railway at all.<sup>69</sup>

As the company did not want to lose any of its land grant, Galt asked the Prime Minister to allow the N.W.C. & N.Co. to retain the full grant despite the reduction in track gauge. Macdonald's reply assured Galt that if the southern route was completed at an early date, the



government would probably grant the request. He added, "I shall endeavour to secure for you the full grant of 6,400 acres with good hopes of success."<sup>70</sup> With Macdonald's promise of the very generous land subsidy, Galt could renew his search for subscribers.

Suddenly Galt's elaborate plans threatened to collapse. Without warning, Lord Revelstoke, the head of the prestigious Baring banking house, withdrew his pledge of financial support because George Stephen had warned him that the Montana railway would seriously interfere with Canada's plans for the CPR. Without Revelstoke endorsement, George Carr Glyn, of the large brokerage firm of Glyn, Mills, with whom Thomas Baring had financed the Grand Trunk, would no longer underwrite its portion of the railway. The project appeared to be finished. Galt fired a flurry of telegrams to Macdonald to force him to discredit Stephen's remarks and bolster the confidence of the financiers. Macdonald only hesitated. Galt also wrote an angry letter to the Prime Minister claiming "as far as S[tephen] is concerned I consider his actions most shabby and uncalled for and R[evelstoke]'s not much better."<sup>71</sup> Macdonald finally relented and grudgingly forced Stephen to disclaim any government hostility towards the A.R. & C.Co. Revelstoke repledged his \$50,000<sup>72</sup> and in a final telegram Galt told Macdonald that the financial structure was restored and construction on the railway would begin soon.<sup>73</sup>

With all the obstructions cleared out of the way, Galt's plans evolved rapidly. In mid-February, 1890, two years of complicated negotiations were consummated and all the assets and liabilities of the N.W.C. & N.Co. were transferred to the A.R. & C.Co.<sup>74</sup> Late in March, 1890, Parliament approved the A.R. & C.Co.'s request to reduce the gauge of its proposed railway to three feet.<sup>75</sup> Construction work on the railway progressed steadily and at the end of August, when Sir Alexander Galt and Walter Shanly, acting as the consulting engineer, inspected the road, the Montana section was completed and most of the Canadian part graded.<sup>76</sup> The first trainload left for Montana on October 22, 1890, and, symbolic of the company's fortunes, this first train was small because heavy rains had weakened the roadbed.<sup>77</sup>

*The Lethbridge News* noted that the completion of the Montana railway brought an economic boom to Lethbridge. Stores and saloons were crowded, accommodations scarce and land prices soared. The company announced plans to expend \$2,000,000 on three shafts to tap "the practically inexhaustible supply" of coal to sell on "the practically unlimited" Montana market. It hoped to employ 600 miners and 200 railroaders by the end of the year. The optimistic spirit of economic buoyancy infected the townsmen and their newspaper. The

weekly predicted that progress was inevitable for Lethbridge because " . . . the financial strength, coupled with the ability and energy of the Company and capitalists who were, and are, so largely interested in the town, was an almost absolute guarantee of progress; and the present position and prospects justify this confident attitude."<sup>78</sup> The Galt enterprise had transformed the few shacks of Coal Banks into a small community of over 2,000 people replete with stores, schools, churches and an opera hall. The colliery had given birth to a town.

## V

To create this complex structure of collieries, railways and town, Sir Alexander T. Galt had made numerous pilgrimages to London in search of capital. Through skillful and delicate negotiations, Galt had patiently created an intricate organization which included some of the most prestigious financial giants in England.<sup>79</sup> He had employed his official position and government resources to their fullest extent in order to squeeze every possible concession out of British and Canadian friends, financiers and politicians. He brazenly used his friendship with Canada's prime minister Sir John A. Macdonald, and other Conservatives like Shanly and Davis, to obtain coal leases, railway charters, land grants and favourable interpretations of regulations. The elderly Sir Alexander had strained himself for more than private or corporate profits. Although his own financial problems were solved, he also endured the disappointments of the foundering steamboats, the reluctant investors, the hostile CPR for the personal satisfaction of having established a strong corporation which would play a significant part in the development of western Canada.

The important role played by Galt in the creation of Lethbridge was fully appreciated by the townsmen. The presence of Galt and the company were felt throughout the community. Galt Park and Galt Hospital, both donated by him, were just two very evident symbols of the influence of good will of Sir Alexander Tilloch Galt. The noisy, dynamic community of miners, railroaders and businessmen, growing around the mines, was totally dependent upon the colliery; fluctuations in production reverberated throughout the entire settlement. The economic interdependence of town and company, the near veneration of the patriarchal Galt, and the mutual admiration of economic progress and growth became crucial factors in the cordial relationship between the A.R. & C.Co. and the citizens of Lethbridge.

Unfortunately, Galt, himself, never fully experienced the realization of his dream and at his death, in 1893, the A.C. & R.Co. was still struggling for its existence. Galt had based his hopes for the

company on the vision of a rapidly settled prairies but in reality the population only grew slowly. Neither did the Montana market live up to expectations. From the start the coal mines of the Union Pacific and the Great Northern railways, protected by tariffs, underpriced Galt coal. The closure of the Anaconda works and the American silver crisis further reduced the demand for Canadian fuel. In sum, the economic climate throughout the 1880s and 1890s was unfavourable for major business ventures in the North West Territories, and Alberta's coal industry suffered accordingly. At Anthracite, Canmore, Cochrane and Medicine Hat chronic shortages led to repeated failures<sup>80</sup> which clearly showed that, although Alberta's coal deposits were vast, mining ventures did not realize quick, high returns but required very careful planning and large-scale, long-term financing. Under these circumstances the generous land grants given by the federal government to the Galt companies played a very decisive role in the formation of the N.W.C. & N.Co. and the A.R. & C.Co. Without these subsidies Galt could never have persuaded the British capitalists to invest in the mines and railways which became the economic basis for a large segment of southern Alberta. While the Liberal opposition clamoured for western development without government assistance, the Conservative administration, bent on rapid growth, decided that lavish aid and concessions was the price to pay for luring private developers to the Territories. Galt capitalized on this policy.

## NOTES

<sup>1</sup> Public Archives of Canada [PAC], Macdonald Papers, [MG26A], Macdonald to Galt, February 19, 1881. In a letter, Macdonald assured his friend that the government would grant him the specified coal locations for \$2.00 an acre plus a royalty of 15c per ton.

<sup>2</sup> George M. Dawson, "Preliminary Note on the Geology of the Bow and the Belly River Districts, North West Territory, with Special Reference to the Coal Deposits," *Geological Survey of Canada* (Montreal: Dawson Brothers, 1882), pp. 6-10.

<sup>3</sup> PAC, [MG271D8] Galt Papers, Galt to Lady Galt, March 4, 1882.

<sup>4</sup> The articles of association granted Lethbridge and Galt nine deferred shares of £100 each "for services rendered, liabilities undertaken and expenses incurred by them as founders of the Company." Great Britain, Public Record Office, Articles of Association of the North-Western Coal and Navigation Company, Limited, PRO Box Reference No. 2974, Document 2, April 25, 1882.

<sup>5</sup> Canada, Department of the Interior, *Annual Report, 1881* (Ottawa: 1882), p. ix.

<sup>6</sup> Canada, House of Commons, *Debates*, Fourth Session, Fourth Parliament, March 27, 1882, p. 562.

<sup>7</sup> *Ibid.*

<sup>8</sup> *Ibid.*

<sup>9</sup> *Ibid.* p. 564.

<sup>10</sup> Canada, Privy Council, Certified Copy of a Report of a Committee of the Honourable the Privy Council approved by His Excellency the Governor General in Council, June 30, 1882.

<sup>11</sup> *The Fort Macleod Gazette*, August 14, 1882; and Jean Stafford-Kelly, "Early Days of Lethbridge From 1882," *The Lethbridge Herald*, July 11, 1935, pp. 83, 85.

<sup>12</sup> Oscar Douglas Skelton, *Life and Times of Sir Alexander Tilloch Galt*, Carleton Library, No. 26 (Toronto, 1966, orig. ed., 1920), pp. 545-47.

<sup>13</sup> PAC, Macdonald Papers, Galt to Macdonald, February 7, 1882, 93331-36. At this stage, George Stephen of the CPR distrusted Galt who was identified with the Grand Trunk Railway interests and had made an unsuccessful bid to build the transcontinental. See Heather Gilbert, *Awakening Continent: The Life of Lord Mount Stephen, 1829-91*, I (Aberdeen, 1965).

<sup>14</sup> This colonization company, financed by British and Canadian capital, planned to buy one million acres of land on the CPR mainline near Blackfoot Crossing. PAC, Department of the Interior, [RG15B1], vol. 59, file 53230, June 26, 1882. After the trip, Galt decided it was "inexpedient to proceed." *Ibid.*, Galt to Burgess, October 7, 1882. *The Fort Macleod Gazette*, September 14, 1882.

<sup>15</sup> Great Britain, Public Record Office, Annual List of Members and Summary of Capital and Shares, N.W.C. & N.Co. Ltd., PRO Box Reference No. 2974, Document 5, September 13, 1882. *The Fort Macleod Gazette*, September 14, 1882.

<sup>16</sup> *The Lethbridge News*, January 9, 1891.

<sup>17</sup> For a detailed discussion of Galt's steamboating experiment see my "Steamboating on the Belly, Why?", *Alberta Historical Review*, XX (Winter, 1972), pp. 1-5.

<sup>18</sup> Canada, Privy Council, *op. cit.*, October 19, 1883.

<sup>19</sup> PAC, Macdonald Papers, Galt to Macdonald, July 16, 1883, pp. 93799-802.

<sup>20</sup> *Ibid.*, August 18, 1883, pp. 93812-15.

<sup>21</sup> *Ibid.*, August 30, 1883, pp. 933821-24.

<sup>22</sup> *Ibid.*, January 7, 1884, pp. 93836-39.

<sup>23</sup> Great Britain, Public Record Office, Notice of Increase in the Nominal Capital, N.W.C. & N.Co., PRO Box Reference No. 2974, Document 6, December 23, 1883.

<sup>24</sup> Canada, *Acts of Canada*, Second Session, Fifth Parliament, 47 Victoria, 1884, Chapter 74, pp. 106-11; also Chapter 86, pp. 173-181.

<sup>25</sup> PAC, Macdonald Papers, Galt to Macdonald, July 10, 1884, pp. 93847-48.

<sup>26</sup> Canada, Privy Council, *op. cit.*, September 27, 1884.

<sup>27</sup> C.G. Gzowski, the son of a Polish nobleman, had been very closely associated with Galt in earlier years. He had been the chief engineer of Galt's St. Lawrence and Atlantic Railway. Later he, Galt and two other men had founded Gzowski and Company, a firm which built part of the Grand Trunk. Without the help of this competent and famous engineer, Galt would never have been able to persuade the adamant Lethbridge to support the railway. For details of the negotiations see, PAC, Galt Papers, Galt to Lady Galt, September 11, 1884, pp. 3248-49, and September 13, 1884, pp. 3250-53.

<sup>28</sup> Canada, Privy Council, *op. cit.*, September 27, 1884.

<sup>29</sup> PAC, Galt Papers, Galt to Lady Galt, October 16, 1884, pp. 3254-55, and October 18, 1884, pp. 3256-59.

<sup>30</sup> *Ibid.*, October 24, 1884, pp. 3264-67.

<sup>31</sup> *The Fort Macleod Gazette*, November 14, 1884.

<sup>32</sup> PAC, Macdonald Papers, Galt to Macdonald, April 27, 1885, pp. 93874-77.

<sup>33</sup> *Ibid.*, illegible date, sometime in March, 1885, pp. 93862-64.

<sup>34</sup> *The Macleod Gazette*, October 6, 1885.

<sup>35</sup> *The Lethbridge News*, February 12, 1886. *The Macleod Gazette*, March 16, 1886 and December 14, 1886.

<sup>36</sup> Canada, House of Commons, *Debates*, Fourth Session, Fifth Parliament, May 4, 1886, pp. 1030-40.

<sup>37</sup> *Ibid.*, p. 1045. In 1887 the price of coal at Winnipeg was probably about \$12.00 per ton. See footnote 54.

<sup>38</sup> *Ibid.*, p. 1060.

<sup>39</sup> *Ibid.*, pp. 1074-75.

<sup>40</sup> Canada, Department of Interior, *Annual Report, 1886* (Ottawa: Maclean, Roger and Company, 1887), p. 22. PAC, Galt Papers, E.T. Galt to Lady Galt, March 20, 1887, p. 3283.

<sup>41</sup> *Ibid.*, March 22 and April 2, 1887, pp. 3286-90.

<sup>42</sup> *The Fort Macleod Gazette*, June 21, July 12, 1887. *The Lethbridge News*, July 6, 1887.

<sup>43</sup> C.A. Magrath, *The Galts, Father and Son: Pioneers in the Development of Southern Alberta: and How Alberta Grew Up: Brief Outline of Development in the Lethbridge District* (Lethbridge: The Lethbridge Herald, n.d.), p. 37.

<sup>44</sup> *The Lethbridge News*, October 26, 1887.

<sup>45</sup> *The Fort Macleod Gazette*, February 29, 1888.

<sup>46</sup> Canada, House of Commons, *Debates, 1888*, Second Session, Sixth Parliament, March 27, 1888, p. 454; April 10, p. 612; May 19, p. 1585. In 1886 Galt had requested railway charters for a line from Medicine Hat to Fort Benton and a road from Lethbridge via the Crow's Nest Pass to Butte, but withdrew the bill because of CPR opposition. See, *Debates, 1886*, Fourth Session Fifth Parliament, March 12, 1886, p. 92, 102; May 14, p. 1309. Galt made a second unsuccessful attempt in 1887. See *Debates, 1887*, First Session, Sixth Parliament, May 10, 1887, p. 359; June 2, 1887, p. 707.

<sup>47</sup> Canada, Privy Council, *op. cit.*, May 31, 1888.

<sup>48</sup> Canada, House of Commons, *Debates, 1889*, Third Session, Sixth Parliament, February 20, 1889, pp. 235-36.

<sup>49</sup> *Ibid.* p. 235.

<sup>50</sup> *Ibid.* 235-236.

<sup>51</sup> *Ibid.*, pp. 236-38.

<sup>52</sup> According to his figures, Galt coal should have cost \$5.49 instead of \$7.50 a ton. In actuality the price of coal at Winnipeg may have been as low as \$6.76 per ton. All the coal mines of the North West Territories sold only 12,000 tons of coal in Winnipeg in 1889. See, Canada, Department of the Interior, *Annual Report, 1889* (Ottawa: Queen's Printer, 1890), p. xvi. *The Lethbridge News* also diluted Watson's figures and claimed that he had not calculated the cost of mining equipment, buildings and salaries. Transshipment at Dunmore cost 50 cents per ton rather than 10 cents and the CPR charged one and one-half cents per ton per mile rather than three-quarters cents as claimed by Watson. *The Lethbridge News*, March 6, 1889. The only conclusion that can be formed at this point is that Watson exaggerated.

<sup>53</sup> Canada, *Debates*, February 22, 1889, p. 282 - 283.

<sup>54</sup> *Ibid.*, p. 284.

<sup>55</sup> *Ibid.*

<sup>56</sup> *Ibid.*, p. 285.

<sup>57</sup> *Ibid.*, p. 285.

<sup>58</sup> *Ibid.*, February 25, 1889, p. 299.

<sup>59</sup> *Ibid.*, May 1, 1889, pp. 1712-14.

<sup>60</sup> *Ibid.*, pp. 1714-15.

<sup>61</sup> *Ibid.*, p. 1715.

<sup>62</sup> *Ibid.*, p. 1716.

<sup>63</sup> Canada, Department of the Interior, *Annual Report, 1887* (Ottawa, 1888), Part I, p. 15; *Annual Report, 1888* (Ottawa, 1889), Part I, p. 12; *Annual Report, 1889* (Ottawa, 1890), Part I, p. 25.

<sup>64</sup> Canada, *Act of Parliament, 1889*, Third Session, Sixth Parliament, Victoria 52, Chapter 50, p. 8; and Henry James Morgan, *The Canadian Men and Women of the Time: A Handbook of Canadian Biography* (Toronto, 1898), pp. 144-45 and 842-45.

<sup>65</sup> *The Lethbridge News*, May 15, 1889; Paul F. Sharp, *Whoop-Up Country: The Canadian-American West, 1865-1885* (Minneapolis: 1955).

<sup>66</sup> PAC, Galt Papers, Galt to Lady Galt, June 1, 1889, pp. 3294-99.

<sup>67</sup> *Ibid.*

<sup>68</sup> *The Lethbridge News*, October 2, 1889; *The Macleod Gazette*, October 3, 1889.

<sup>69</sup> *Ibid.*

<sup>70</sup> PAC, Macdonald Papers, Macdonald to Galt, October 17, 1889, pp. 93938-41.

<sup>71</sup> *Ibid.*, Galt to Macdonald, November 27, 1889, pp. 93963-66.

<sup>72</sup> *Ibid.*, December 14, 1889, pp. 93967-69.

<sup>73</sup> *Ibid.*, December 18, 1889, p. 93970.

<sup>74</sup> *The Lethbridge News*, February 19, 1890. On March 4, 1890, the directors reduced freight rates. As approved by the government, the rates ranged from a high of 15 cents per 100 pounds for 10 miles to 57 cents per 100 pounds for the entire 110 miles. Coal was carried for \$2.45 for the entire trip plus 5 cents per 100 pounds for transfer at Dunmore. Passenger fares were set at 5 cents per mile one way and two and one-half cents per mile for the return trip. Children under five rode free and those from 5-11 years paid half price. See, Canada, Privy Council, *Orders-in-Council, 1890*, March 4, 1890, pp. cxxxviii-cxxxix.

<sup>75</sup> Canada, Acts of Parliament, 1890, 53 Victoria, Chapter 85, March 26, 1890, p. 127.

<sup>76</sup> PAC, Macdonald Papers, Bowell to Macdonald, August 28, 1890, pp. 79366-67.

<sup>77</sup> PAC, Records of the Royal Canadian Mounted Police (RG18), Vol. 39, File 137, monthly report, Lethbridge, October 31, 1890. Yet Galt's luck had really held because in November, 1890, the Barins, who had underwritten very large loans in Argentina faced bankruptcy when the wild era of expansion in South America stopped suddenly and Argentina's credit evaporated. In order to prevent a financial disaster, the Bank of England was forced to buy gold from abroad. The Baring crisis virtually ended overseas investments for a decade. See, H.S. Ferns, *Britain and Argentina in the Nineteenth Century* (Oxford, 1960), pp. 436-484.

<sup>78</sup> *The Lethbridge News*, June 18, 1890.

<sup>79</sup> Besides the powerful and faithful supporters of the Grand Trunk, the Barings and Giyn and Company, Galt secured financial support from three trust companies in London, the Industrial and General Trust, Limited, the Trustee's Executors and Securities Corporation Limited, and the U.S. Debenture Corporation. See E.H. Wilson, "Lethbridge and the A.R. & I.," *The Lethbridge Herald*, December 11, 1947, p. 9.

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<sup>80</sup> See, Canada, Department of the Interior, *Annual Reports, 1885-1893*. The Galt companies never realized their full potential until the turn of the century after Elliot Galt had brought irrigation to the land grants and they became attractive to farmers.